



**ONTARIO STORE
FIXTURE CO.
LIMITED AND
SUBSIDIARY
COMPANIES**

*Interim Report for the Six Months Ended
June 30, 1968*

ONTARIO STORE FIXTURE CO. LIMITED AND SUBSIDIARY COMPANIES

INTERIM UNAUDITED CONSOLIDATED STATEMENT OF INCOME (Notes 1, 2 and 3)

	Six Months ended June 30	
	1968	1967
Net profit before taxes on income.....	\$1,731,191	\$1,133,648
Taxes on income	169,000	140,000
<u>NET PROFIT</u>	<u>\$1,562,191</u>	<u>\$ 993,648</u>
Shares outstanding (end of period)	590,900	582,000
<u>EARNINGS PER SHARE</u>	<u>\$ 2.64</u>	<u>\$ 1.71</u>

Note 1: On June 28, 1968, the Company purchased all of the issued and outstanding shares of Roberts Realty of the Bahamas, Limited in consideration for the issue of 150,000 common shares of the Company. This acquisition has been treated for accounting purposes as a pooling of interests and, accordingly, the operations and source and use of funds of Roberts Realty for the full six month period ended June 30, 1968 have been included in the accompanying consolidated statements. In addition, the 1967 figures shown for comparative purposes have been restated from those previously reported to include the operations and source and use of funds of Roberts Realty for the full six month period ended June 30, 1967. The number of shares of the Company outstanding at June 30, 1967 have also been restated to include the 150,000 shares issued in 1968 for the shares of Roberts Realty and the earnings per share for the six month period ended June 30, 1967 have been restated accordingly.

Note 2: The tax laws of the Bahamas in which Roberts Realty operates are such that its income is free from income taxes in the Bahamas.

Note 3: As set out in Note 1, the acquisition by the Company of Roberts Realty has been treated as a pooling of interests and, accordingly, the Company's consolidated sales, used in calculating the comparative percentages of sales increases below, for the six month period ended June 30, 1968 include the sales of Roberts Realty for the six month period then ended. In addition, the Company's consolidated sales for the six month period ended June 30, 1967 have been restated to include the sales of Roberts Realty for the six month period then ended. The Company's sales for the six month periods ended June 30, 1963, 1964, 1965 and 1966 are those of the Company only, as Roberts Realty was not in operation during these periods.

The Company's consolidated sales for the six month period ended June 30, 1968 increased by 22% over the Company's consolidated sales for the six month period ended June 30, 1967 and by 154% over the average consolidated sales of the five immediately previous similar six month periods.

ONTARIO STORE FIXTURE CO. LIMITED AND SUBSIDIARY COMPANIES

INTERIM UNAUDITED CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS (Note 1)

	Six Months ended June 30	
	1968	1967
<i>Source of Funds</i>		
Net profit for period	\$1,562,191	\$ 993,648
<i>Add:</i> Charges not requiring cash outlay		
Depreciation and amortization	84,531	123,680
Loss on sale of fixed assets	1,959	—
Land and improvements:		
— deferred expenditures at commencement of period		
relating to lots sold in period	215,933	260,632
— estimated liability for improvements to lots sold		
in period	350,979	345,684
Organization expenses written off	4,493	—
Increase in provision for cancellation of land sales		
contracts receivable due after one year	67,492	125,298
	<u>\$2,287,578</u>	<u>\$1,848,942</u>
Gain on disposal of marketable securities	19,289	—
Proceeds from sale of fixed assets	5,400	—
Issue of 7½% redeemable preferred shares	—	264,276
Issue of common shares	17,950	3,100
Loan from director of subsidiary	86,400	—
Issue of 7½% convertible debenture	2,368,385	—
Other — net	—	5,397
	<u>\$4,785,002</u>	<u>\$2,121,715</u>
<i>Use of Funds</i>		
Expenses of acquisition of subsidiary	\$ 29,309	—
Payments of dividends on common shares	35,086	\$ 28,053
Land and improvements relating to lots not sold	504,168	665,283
Decrease in estimated liability for improvements to lots sold		
in prior period	93,545	(9,389)
Redemption of 7½% redeemable preferred shares — net	1,817,273	—
Increase in contracts receivable on land sales due after one year	973,077	1,155,758
Decrease in notes payable due after one year	9,007	8,062
Increase in investments	3,214	(7,780)
Increase in property, plant and equipment	438,658	(19,731)
Decrease in provision relating to sterling accounts receivable	16,646	—
Additions to leased installations	—	26,000
Special 5% refundable tax	—	2,667
	<u>\$3,919,983</u>	<u>\$1,848,923</u>
INCREASE IN WORKING CAPITAL	<u>\$ 865,019</u>	<u>\$ 272,792</u>



ONTARIO STORE FIXTURE CO. LIMITED

Head Office and Plant

2256 Lakeshore Blvd. W.
Toronto 14, Ontario

Subsidiaries:

ROBERTS REALTY OF THE BAHAMAS, LIMITED
Nassau, Bahamas

SUCCESS DISPLAY LIMITED
44 Crockford Blvd.
Scarborough, Ontario

ONTARIO STORE FIXTURE CO. LIMITED

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INFORMATION CIRCULAR

Management Solicitation

Annual and General Meeting of Shareholders
to be held on June 27th, 1968

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of Ontario Store Fixture Co. Limited (hereinafter sometimes called "the Company") for use at the annual and a general meeting of the shareholders of the Company to be held at Toronto, Ontario, on June 27th, 1968 for the purposes set forth in the attached notice of meeting. It is expected that the solicitation will be primarily by mail. The cost of solicitation will be borne by the Company.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed and, where a choice has been specified by the shareholder, will do so in accordance with the direction of the shareholder appointing him. In the absence of any direction to the contrary, it is intended that such shares will be voted for the approval, ratification, sanction and confirmation of the agreement wherein, among other things, the Company agreed to purchase all the issued and outstanding common shares of Roberts Realty of the Bahamas, Limited, and for the confirmation of the resolution of the directors of the Company authorizing an application to the Lieutenant Governor of the Province of Ontario for the issue of supplementary letters patent increasing the authorized capital of the Company by the creation of an additional 250,000 common shares without par value.


The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the notice of meeting but which may properly come before the meeting and with respect to amendments to or variations of matters identified in the notice of meeting. At the time of printing this Information Circular the management of the Company knows of no such matters to come before the meeting other than the matters referred to in the notice of meeting.

If any further or other business is properly brought before the meeting, it is intended to vote on such other business in such manner as the person appointed as proxy then considers to be proper.

Proxies given by shareholders for use at the meeting may be revoked at any time prior to their use.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Only shareholders of the Company of record as of the time of the annual and general meeting to be held on June 27th, 1968 will be entitled to vote at such meeting. Shareholders of the Company are entitled to one vote in respect of each share held at such time. The Company has only one class of shares. On June 1st, 1968, 440,550 common shares without par value in the capital of the Company were issued and outstanding as fully paid and non-assessable.



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To the knowledge of the directors and senior officers of the Company, the following were at June 1st, 1968 the only beneficial owners, directly or indirectly, of equity shares of the Company which carry more than 10% of the voting rights attached to all equity shares of the Company:

<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>Percentage of outstanding equity shares represented</u>
Harry Shier	85,400	19.4%
Shoshana Shier	50,000	11.3%
The Shier Family Trust	93,025	21.1%

ELECTION OF DIRECTORS

Each of the persons whose names appear hereunder are proposed to be elected as a director of the Company to serve until the next annual meeting of shareholders or until his successor is elected or appointed. It is intended that the shares represented by proxies solicited by management will be voted in favour of the election of such persons as directors of the Company.

<u>Name and position held</u>	<u>Principal occupation or employment at present</u>	<u>Year Became Director</u>	<u>Shares of the Company beneficially owned directly or indirectly as of June 1, 1968 (1)</u>
DONALD BOXER, Director	Investment Dealer, Burns Bros. and Denton Limited	1962	850
WILLIAM GUNNING, Controller of the Company	Controller of the Company since 1964. Prior to that time Mr. Gunning was employed by Switson Industries Limited as Secretary-Treasurer.	—	1,950
HARRY SHIER, Secretary-Treasurer of the Company and Director	Secretary-Treasurer of the Company	1953	85,400 (2)
MILTON SHIER, President of the Company and Director	President of the Company	1953	38,350 (3)
SYDNEY SOBEL, Vice-President of the Company and Director	Vice-President of the Company	1953	32,200

NOTES:

1. The information as to the beneficial ownership of shares of the Company, not being within the knowledge of the Company, has been furnished by the respective nominees individually.

2. The Harry Shier Family Trust, which is an associate of Harry Shier, beneficially owns 31,100 common shares of the Company.

3. The Shier Family Trust, which is an associate of Milton Shier, beneficially owns 93,025 common shares of the Company and Shoshana Shier, who is an associate of Milton Shier, beneficially owns 50,000 common shares of the Company.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the financial year ended December 31, 1967 the aggregate direct remuneration paid or payable by the Company to the directors and senior officers of the Company was \$171,927.

During the financial year ended December 31, 1967 the cost to the Company and its subsidiary of all pension benefits paid in respect of the directors and senior officers of the Company under the Company's existing pension plan was \$7,339.57.

Set forth below are particulars of the options to purchase common shares of the Company exercised by senior officers of the Company during the period January 1st, 1967 to June 1st, 1968 pursuant to the employees' stock option plan of the Company dated December 20th, 1965:

<u>Date of Exercise</u>	<u>Number of common shares purchased</u>	<u>Purchase Price Per Share</u>	<u>Price range of shares purchased in the 30 day period preceding the date of exercise</u>	
			<u>High</u>	<u>Low</u>
February 14, 1967.....	450	\$2.00	\$2.65	\$2.40
July 19, 1967.....	200	2.00	4.10	3.40
November 15, 1967.....	300	2.00	4.10	3.75
December 29, 1967.....	1,300	2.00	6.25	4.35
January 9, 1968.....	450	2.00	6.25	4.70
April 5, 1968.....	650	2.00	7.25	6.25
April 19, 1968.....	400	2.00	8.25	6.25

During the period January 1st, 1967 to June 1st, 1968 the Company loaned the sum of \$8,200 to a senior officer. The loan bore interest at the rate of $7\frac{1}{2}\%$ per annum. The loan, together with interest thereon has been repaid in full. During the same period a director and senior officer of the Company was indebted to the Company to the extent of approximately \$27,000 on account of purchases made by such person through the Company. The said indebtedness has been repaid in full. No interest was paid or charged thereon.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the appointment as auditors of the Company of Starkman, Kraft, Rothman, Berger & Grill, Chartered Accountants, Toronto, Ontario who are to hold office until the next annual meeting of shareholders of the Company. It is intended that the shares represented by proxies solicited by management will be voted in favour of the appointment of Starkman, Kraft, Rothman, Berger & Grill, Chartered Accountants, as auditors of the Company.

PROPOSED ACQUISITION OF ROBERTS REALTY OF THE BAHAMAS, LIMITED

The meeting has been called as an annual and general meeting for the purpose, among others, of approving, ratifying, sanctioning and confirming (subject to such amendments and/or additions and/or changes, if any, as may be approved at the meeting) an agreement (hereinafter referred to as the "Purchase Agreement") dated June 3, 1968 made between the Company as purchaser of the first part, John C. Lynskey, Graham Limited, Rona Lynn Shier as vendors, of the second part, (hereinafter collectively referred to as the "Vendors"), and Louis A. Chesler, (hereinafter referred to as "Chesler"), of the third part, whereby the Company agreed to purchase, on the terms and conditions contained in the Purchase Agreement, all the issued and outstanding common shares in the capital of Roberts Realty of the Bahamas, Limited (hereinafter referred to as "Roberts Realty") from the Vendors.

Rona Lynn Shier, one of the vendors referred to in the Purchase Agreement is the wife of Harry Shier who is an officer, director and substantial shareholder of the Company. Rona Lynn Shier is also the daughter of Louis A. Chesler, who beneficially owns all the issued and outstanding shares in the capital of Graham Limited, which company in turn beneficially owns 801 common shares in the capital of Roberts

Realty. In addition, Graham Limited owns 2,000 7½% cumulative redeemable preferred shares of the par value of \$1,000 each (Bahamian) in the capital of Roberts Realty (being all the issued and outstanding preferred shares) and has advanced the sum of \$49,820.50 (U.S.) to Roberts Realty. At the meeting of the board of the directors of the Company at which the resolution was passed approving the Purchase Agreement Harry Shier declared his interest and refrained from voting.

Graham Limited is a private company incorporated under the laws of the Bahama Islands, all of the issued shares of which are owned beneficially by Louis A. Chesler, a resident of the Bahama Islands. Louis A. Chesler and John C. Lynskey, who is a resident of the State of Florida, are Chairman of the Board and President respectively of Roberts Realty and both are actively engaged in the management of that company's business.

The sole endeavour of Roberts Realty has been the acquisition and development of Great Harbour Cay, one of the Berry Islands, one of the Out Islands of the Bahamas. Great Harbour Cay is located approximately 60 miles north of Nassau and 160 miles east of Miami. At the date hereof, Roberts Realty has purchased approximately 700 acres of land on Great Harbour Cay which it owns free and clear of all liens, charges and encumbrances. Roberts Realty has agreed to purchase approximately 590 acres of additional land on Great Harbour Cay. Management of the Company has been informed by Roberts Realty that the deeds for the additional land which Roberts Realty has agreed to purchase are in the course of preparation and that when all requisite governmental approvals have been given, Roberts Realty will obtain title free and clear of all liens, charges and encumbrances to such property. One of the conditions contained in the Purchase Agreement allows the Company to waive the requirement that Roberts Realty obtain title to the additional land on Great Harbour Cay. Management expects that Roberts Realty will acquire title to the additional land prior to closing but may, if it is satisfied that Roberts Realty will ultimately acquire title to such property, waive the condition and complete the purchase even though title to such property has not been acquired by Roberts Realty at the time of closing.

Great Harbour Cay has been laid out and is being developed as a resort complex designed to include individually owned lots for resort homes, a sports complex including a golf course, with clubhouse and villas, a marina, airport and other similar facilities.

At the present time development of Great Harbour Cay comprises the installation of the airport facilities, laying out and installation of roads (excluding final surfaces), laying out and installation of eighteen golf holes (excluding sodding) development of supply of fresh water and plans for a clubhouse and villas.

Attached to this Information Circular are the consolidated financial statements (hereinafter referred to as the "Audited Financial Statements") of Roberts Realty and its consolidated subsidiaries as at December 31, 1967 as reported upon by Messrs. Coopers & Lybrand, Chartered Accountants.

The main provisions of the Purchase Agreement, in summary form are:

- (a) The purchase price of all the issued and outstanding common shares of Roberts Realty is \$1,462,500 (Canadian) to be satisfied by the issue to the Vendors of 150,000 common shares of the Company as fully paid and non-assessable as follows:

<u>Vendor</u>	<u>Shares of Company</u>
Rona Lynn Shier	22,350
Graham Limited	120,150
John C. Lynskey	7,500

The aggregate purchase price values the common shares of the Company to be issued in payment for all the common shares of Roberts Realty at \$9.75 (Canadian), which was the market price of the Company's shares based on the last trade in the common shares of the Company on The Toronto Stock Exchange immediately prior to the passing of the directors' resolution approving in principle the acquisition of all the common shares of Roberts Realty;

- (b) The Purchase Agreement contains representations and warranties on the part of the Vendors and Chesler in which they jointly and severally represent and warrant that certain facts exists and will on the closing of the transaction exist with respect to Roberts Realty and with respect to the ownership by the Vendors of the common shares of Roberts Realty. Specifically, it has been

warranted that the common shares of Roberts Realty to be acquired by the Company are owned by the Vendors free and clear of all encumbrances and that the Audited Financial Statements present fairly the assets and liabilities of Roberts Realty and its consolidated subsidiaries, are true, accurate and complete and were prepared in accordance with generally accepted accounting principles in a manner consistent with prior periods, and present fairly and accurately the financial position of Roberts Realty and its consolidated subsidiaries as at December 31, 1967 and in particular, without limiting the generality of the foregoing, include all liabilities (contingent or otherwise) of Roberts Realty as at such date and that the financial position of Roberts Realty as at the time of closing (as defined in the Purchase Agreement) will be at least as good as shown on the balance sheet forming part of the Audited Financial Statements;

- (c) Roberts Realty has agreed to purchase an additional 260 acres of land on neighbouring Anderson Cay for the price of \$98,000 (U.S.);
- (d) The transaction of purchase and sale was made subject to obtaining the approval of the shareholders of the Company;
- (e) In order to give effect to the proposed transaction of purchase and sale the Company will be obliged to obtain supplementary letters patent increasing its authorized capital by the creation of an additional 250,000 common shares without par value;
- (f) The Vendors are required to provide the Company with a letter to the effect that the 150,000 common shares of the Company to be issued to them are acquired for investment only and not with a view to resale or distribution to residents of Ontario in such manner that the distribution or resale will constitute a primary distribution to the public as that term is defined in The Securities Act, 1966 (Ontario);
- (g) In as much as shares of the Company are to be issued as consideration for the shares of Roberts Realty, the Company made certain representations and warranties to the Vendors with respect to the status and financial condition of the Company;
- (h) It is a condition of the Purchase Agreement that on or before closing Roberts Realty will redeem or purchase for cancellation 2,000 7½% cumulative redeemable preferred shares of the par value of \$1,000 each (Bahamian) owned by Graham Limited and will satisfy its indebtedness plus accrued interest to Graham Limited as at March 31, 1968 (the aggregate par value of the said preferred shares plus accrued dividends thereon to March 31, 1968, and the principal amount of the indebtedness of Roberts Realty to Graham Limited plus accrued interest thereon at the rate of 7½% per annum to March 31, 1968 amounted to \$2,192,948.96 (U.S.) as of March 31, 1968) by payment for such preferred shares and indebtedness by issuing to Graham Limited a debenture in the principal amount of \$2,192,948.96 (U.S.). Interest at the rate of 7½% per annum on the principal sum is to be payable half-yearly and the debenture is to be secured by a floating charge on the undertaking and all the property and assets of Roberts Realty. The floating charge will not hinder or prevent Roberts Realty, while not in default, from selling or mortgaging any of its assets in the ordinary course of its business and will not prevent the giving of security to any bank or other lending institution.

The debenture matures five years after the date of issue and is convertible in whole, but not in part, into fully paid and non-assessable common shares of the Company on the basis of \$7.50 (Canadian) per common share taking the debenture at the principal amount thereof. However, the debenture cannot be converted unless and until Roberts Realty has an accumulated earned surplus, earned subsequent to December 31, 1967, in an amount equal to the principal amount of the debenture at or during a period of 90 days prior to the time of conversion. If prior to maturity Roberts Realty fails to accumulate earned surplus in such amount the conversion rights will expire. If the right of conversion is exercised the registered holder of the debenture will be entitled to the allotment and issuance of approximately 315,785 fully paid and non-assessable common shares in the capital of the Company, assuming that the Canadian dollar at the time of conversion is at an 8% discount in terms of the United States dollar. Upon conversion of the debenture, the

